

## Message Text

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47

ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 CAB-02 CIAE-00 COME-00 DODE-00

DOT E-00 EB-07 INR-07 NSAE-00 FAA-00 L-03 /032 W

----- 014777

P R 141752Z NOV 75

FM AMEMBASSY PARIS

TO SECSTATE WASHDC PRIORITY 5202

INFO AMEMBASSY BONN PRIORITY

AMEMBASSY LONDON

USMISSION USBERLIN

LIMITED OFFICIAL USE SECTION 01 OF 02 PARIS 29783

E. O. 11652: N/A

TAGS: EAIR, FR, WB, US

SUBJ: CIVAIR: BERLIN-PARIS CHARTERS

REF: (A) STATE 268300, (B) PARIS 28447, (C) PARIS

3 29162

1. SUMMARY--FURTHER PRICING DATA ON BERLIN-PARIS CHARTERS OBTAINED FROM PANAM SUGGESTS PREFERABLE AVOID MENTION SPECIFIC PRICES IN AIDE MEMOIRE. A NUMBER OF OTHER REVISIONS IN TEXT ARE SUGGESTED. SGAC HAS INFORMALLY INDICATED DISPOSITION APPROVE PANAM END-YEAR CHARTERS, WHICH COULD POSE SOME PROBLEMS RE OUR TACTICS. END SUMMARY.

2. "IMBROGLIO" WELL DESCRIBES PRICING SITUATION RE BERLIN-PARIS CHARTERS. PRIOR RECEIPT REF (A) WE REQUESTED CLARIFICATION FROM PANAM FOLLOWING THEIR NOV. 7 FILING WITH SGAC FOR HOLIDAY SEASON CHARTERS END OF THIS YEAR (PARA 3 REF B) WHICH LISTED MINIMUM SELLING PRICE AS 299 DM. (199 DM FIGURE HAD BEEN USED IN OUR PROPOSED AIDE MEMOIRE (REF C) SINCE DURING RCAA'S VISIT BERLIN LAST AUGUST RUNNETTE OF PANAM HAD TOLD HIM 299 DM FIGURE IN PANAM FILING FOR LIMITED OFFICIAL USE

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FALL PROGRAM OF BERLIN-PARIS CHARTERS WAS IN ERROR AND

CORRECT PRICE SHOULD HAVE BEEN SHOWN AS 199 DM.)  
PANAM PARIS HAS BEEN IN TOUCH WITH PANAM BERLIN BUT  
COORDINATION WITHIN PANAM ORGANIZATION APPEARS NOT TO  
HAVE BEEN THE BEST AND THERE MAY HAVE BEEN SOME  
MISUNDERSTANDING BETWEEN PANAM BERLIN AND TOUR  
OPERATOR, SINCE WE WERE SUCCESSIVELY GIVEN  
CONFLICTING DATA ON EACH OF SEVERAL OCCASIONS THIS  
WAS DISCUSSED. UPSHOT FINALLY APPEARS TO BE THAT  
FOR FALL PROGRAM TOUR OPERATOR HAD PLANNED MARKET  
SUNDAY-THURSDAY TOUR VIA PANAM AT 199 DM, BUT SHORTER,  
MORE POPULAR THURSDAY-SUNDAY TOUR WAS TO HAVE BEEN  
MARKETED AT 239 DM.

3. PANAM IS HOWEVER, REVISING ITS CURRENT FILING WITH  
SGAC FOR END-YEAR CHARTERS SINCE THERE WILL BE AN  
ADDITIONAL BERLIN-PARIS FLIGHT DEC. 21 (RETURN  
BERLIN ON FERRY LEG) AND IT IS PROPOSED OFFER TOURS  
OF DIFFERENT DURATIONS, I. E., DEC. 21 TO 30, 31 OR  
JAN. 4; DEC. 30 OR 31 TO JAN. 4. SHORTEST OF THESE  
TOURS, DEC. 31 TO JAN. 4 OR FOUR NIGHTS, WOULD BE  
MARKETED AT 358 DM. EVEN ALLOWING FOR HIGHER PRICED  
TRAVEL OVER HOLIDAY SEASON, THIS PRICE IS MUCH  
HIGHER THAN PROPOSED FALL PROGRAM PRICES OF PANAM  
AND EVEN HIGHER THAN AIR FRANCE TOUR PRICE OF 349 DM  
(BERLIN 2163).

4. WE HAVE BEEN IN TOUCH WITH AMEMBASSY BONN WHICH  
SEEMS ALSO TO HAVE BEEN GETTING SOME CONFLICTING INFO  
FROM PANAM AND WE UNDERSTAND THAT BONN WILL BE  
REPORTING PRICE DATA IN MORE DETAIL. WE AGREED WITH  
RCAA BONN THAT PRICE LEVEL OF THIS LATEST SERIES OF  
BERLIN-PARIS CHARTERS FOR WHICH PANAM IS SEEKING SGAC  
APPROVAL SEEMS UNDERCUT ARGUMENT WE HAD PROPOSED  
USING WITH GOF BASED ON PRICE SPREAD BETWEEN TOURS  
CONDUCTED WITH AIR FRANCE AND PANAM. ALSO, WHILE WE  
HOPE THAT LATEST FIGURES FROM PANAM ON PROPOSED  
PRICES FOR FALL TOURS ARE CORRECT, WE NOW THINK IT  
BEST NOT TO COMMIT OURSELF TO ANY SPECIFIC TOUR  
PRICE IN AIDE MEMOIRE, WHICH WOULD ALSO HAVE  
ADVANTAGE OF AVOIDING INVITATION TO FRENCH TO HAGGLE  
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WITH US OVER ARITHMETIC. THERE WILL BE PLENTY OF  
TIME TO COMPARE PRICES INFORMALLY THEREAFTER IF  
FRENCH DESIRE.

5. IN VIEW OF FOREGOING WE THINK SOME CHANGES IN  
THRUST OF AIDE MEMOIRE ARE CALLED FOR AND WE  
THEREFORE SUGGEST FOLLOWING REVISIONS:

A) END SECOND PARA AFTER WORDS "POSITION OF THE

FRENCH GOVERNMENT", I.E., DELETING FINAL PHRASE  
BEGINNING "ADDING THAT THE NEW TARIFF...".

B) REPLACE PARAS 4 AND 5 WITH FOLLOWING NEW PARA 4:  
"4) AS A RESULT OF THE HIGHER TOUR PRICE DUE TO THE

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ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 CAB-02 CIAE-00 COME-00 DODE-00

      DOTE-00 EB-07 INR-07 NSAE-00 FAA-00 L-03 /032 W

----- 014865

P R 141752Z NOV 75  
FM AMEMBASSY PARIS  
TO SECSTATE WASHDC PRIORITY 5203  
INFO AMEMBASSY BONN PRIORITY  
AMEMBASSY LONDON  
USMISSION USBERLIN

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NECESSITY FOR THE BERLIN TOUR OPERATOR TO PURCHASE  
TRANSPORTATION FROM AIR FRANCE AT A MUCH HIGHER TARIFF  
THAN THE CHARTER FEE PANAM HAD PROPOSED, THE EMBASSY  
UNDERSTANDS THAT THE VOLUME OF BERLIN-PARIS TOUR  
TRAFFIC DECLINED BY ABOUT FIFTY PERCENT IN THE  
PERIOD IN QUESTION. MUCH OF THIS TRAFFIC WAS  
APPARENTLY DIVERTED TO OTHER COUNTRIES. IT WOULD THUS  
APPEAR FROM THE MARKET REACTION THAT THE NEW PRICE  
OFFERING WAS HARDLY COMPETITIVE AND INDEED WAS A  
DISINCENTIVE TO PURCHASE OF BERLIN-PARIS TOURS BY THE  
WEST BERLIN PUBLIC."

C) TERMINATE PRESENT PENULTIMATE PARA AT END OF  
FIRST SENTENCE. FOLLOW IT WITH NEW ADDITIONAL PARA  
READING AS FOLLOWS:  
"IT IS THE UNITED STATES GOVERNMENT'S CONTENTION THAT  
THE GROWTH OF CHARTER TRAFFIC FROM BERLIN, NOTABLY

FOR INCLUSIVE TOURS, DEMONSTRATES THE EXISTENCE OF A  
LARGE CHARTER MARKET QUITE DISTINCT FROM THE MARKET  
FOR SCHEDULED TRANSPORTATION. A PERTINENT QUESTION  
IS WHETHER THE BERLIN PUBLIC SHOULD BE DEPRIVED OF  
ACCESS TO LOW-COST CHARTER TRANSPORTATION THAT IS  
READILY AVAILABLE TO THE PUBLIC AT ITS CHOICE IN OTHER  
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WESTERN EUROPEAN CITIES, AND SHOULD BE SO DEPRIVED  
BY VIRTUE OF POLICIES OR ACTIONS OF ALLIED POWERS  
HAVING RESPONSIBILITY FOR SUPPORT OF BERLIN AND  
OF THE WELL-BEING OF ITS POPULATION."

D) REMAINDER OF PRESENT PENULTIMATE PARA BEGINNING  
WITH "THE EMBASSY THEREFORE HOPES THAT THE MINISTRY..."  
BECOMES NEW PENULTIMATE PARA OF REVISED TEXT.

6. WE MUST POINT OUT, HOWEVER, THAT PANAM INFORMS US  
MME. THOMASSET, WHO PROCESSES CHARTER APPLICATIONS  
AT SGAC, HAS INDICATED THAT "IN SPIRIT OF CHRISTMAS"  
SHE MIGHT BE DISPOSED AUTHORIZE LATEST PROGRAM END-  
YEAR CHARTERS FOR WHICH PANAM HAS FILED. THERE IS  
RISK, THEN, THAT OUR AIDE-MEMOIRE COULD PROVOKE SGAC  
INTO DISAPPROVING LATEST PANAM PROGRAM LEST APPROVAL  
APPEAR INCONSISTENT WITH AND JEOPARDIZE PRINCIPLE OF  
GOF'S BASIC POSITION. ON BALANCE WE THINK THIS IS  
RISK WE MUST TAKE BECAUSE (A) WE HAVE NO ASSURANCE  
MME. THOMASSET WILL OTHERWISE AUTHORIZE, ESPECIALLY  
SINCE SHE MUST CERTAINLY DEFER TO HIGHER AUTHORITY;  
(B) DELAY WEAKENS CREDIBILITY OUR EFFORTS SECURE  
PERMANENT REVERSAL OR REVISION GOF POSITION IN TIME  
FOR PANAM'S SPRING PROGRAM OF BERLIN-PARIS CHARTERS;  
(C) IMPLICATIONS FOR UK POSITION ON BERLIN-LONDON  
CHARTERS OF PRECEDENT OF GOF POSITION; AND (D) FINAL  
PARA OF AIDE-MEMOIRE IS OPEN INVITATION TO GOF TO  
PRESENT US WITH APPROVAL PANAM END-YEAR PROGRAM  
AS "COMPROMISE" OR "CONCESSION" WHICH WOULD  
HAVE VIRTUE OF KEEPING DIALOGUE GOING IN DIRECTION  
OF FURTHER PROGRESS TOWARD MORE SATISFACTORY  
DEFINITIVE SOLUTION TO THIS PROBLEM OF BERLIN-PARIS  
CHARTERS.  
RUSH

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## Message Attributes

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